

RV BUSINESS

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JUNE 11, 1990

RV Dealers Review Open House

A quick RVB survey of some of the 1,089 dealers participating in the second National RV Open House Week, April 28-May 6, found a range of results, from fantastic to disappointing. Generally, responses seemed to divide along regional lines, with Midwestern dealers reporting good sales and other regions turning in more mixed reviews.

Although dealer participation was down slightly from the 1,205 joining in the 1989 open-house event, Chris Morrison, public relations director for RVIA, which sponsored the National RV Open House Week, said, "We are pleased with the level of participation in a year in which market conditions are not ideal. We're proud that more than 1,000 dealers joined forces to expand the market at a time when it's as important as it's ever been. We feel the real measure of the program's worth is not the number of dealers who have signed up but how well they did during the week. Preliminary results from dealers across the nation were enthusiastic and encouraging." Morrison added that RVIA is analyzing answers to a survey included in the dealers' promotion kits, with results to be announced by the end of May.

Highlights of this year's open house, which was also backed by RVDA and a range of state trade associations, included: a revised RVIA promotion kit of signage, banners and ad slicks for dealers; RVIA-supplied videotapes to be tailored to local dealers' TV campaigns; a new targeted-ad campaign with a customized local-newspaper insert; a four-page *USA Today* advertorial promoting the RV life-



RV OPEN HOUSE: Some dealerships like Penny Motors Inc., Vienna, Va., (top) were unsure whether the National RV Open House Week's promotional effort paid off, blaming a poor regional sales climate. But other retailers joined Daily's RV and Auto Sales, Anaheim, Calif., (below) in raving about the sales returns.



style; a chance at a grand prize trip to Alaska for consumers visiting participating dealerships; and numerous mailings, co-op programs, tie-ins and consumer-incentives by RV manufacturers, suppliers and publishers.

Although many dealers were enthusiastic about the effectiveness of the national promotion, some dealers did report poor turnouts, citing local factors such as a slack regional economy, low dealer participation, poor timing of the event and bad weather. The following overview of dealer experiences

is divided by region:

Midwest

Open House results in the Midwest were generally positive. At Westland Camping Center Inc., Westland, Mich., owner Marge Woods reported, "We did much better this year than we did at last year's open house because the 17 dealers of the Metro Detroit RV Dealers Association pooled money to do radio, TV and print advertising targeted at the first weekend of the open-house promotion." In addition to the ad campaign,

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TWO DOLLARS

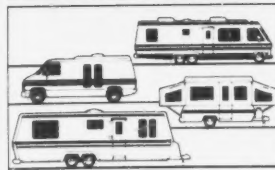
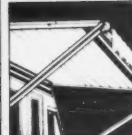
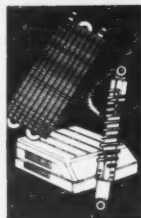


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SPECIAL ISSUE: RV & VAN INDUSTRY DIRECTORY



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RV Equipment History
Classifications
Directory of
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12-Month Sales
Calendar
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Alphabetical
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RV Manufacturers
RV Converters
RV Suppliers
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Industry Services

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Any Personal
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This update of RVB's Feb. 19 "RV & Van Industry Directory" includes corrections and additions to listings of RV manufacturers, van converters, suppliers, distributors, manufacturers' representatives and RV services.

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COVER PHOTOS: PENNY MOTORS COURTESY
OF RVIA; DAILY'S RV BY DEREK HAMAGUCHI

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MARCH SEES RETAIL RECOVERY

GAYLORD MAXWELL

RVB's Dealer Advisory Board (DAB) reported mixed results in March, but, overall, things were looking up. After the first two discouraging months of 1990, there were some definite signs of an improving RV economy by the end of the quarter.

The DAB's total dollar volume for March was only very slightly behind the same month of last year, which would make March the best month in 1990 to date.

In new-unit sales, the score was also about even: 11 DAB members were up, and 12 were down. As a result, the new-unit sales total was almost identical with that of March 1989. Three RV types—all of which were towables—were up in new sales. Motorhomes and slide-ins took it on the chin, however.

The used-sales picture also was almost the same as March 1989. In terms of the total number of units sold, March 1990 was off by only 1% from the same month last year. But there was a difference in the sales trends for the various RV types: Two types were up (travel trailers and truck campers), and the other three types were down for the month.

Overall, profits were better than usual in March. There were more excellent ratings than we had seen in a long time, and an abundance of good markings for new-unit profits. Used profits slipped some and were reported to be generally fair to good.

Service was generally rated as good. Bottom-line ratings were divided about equally between good, fair and poor.

New inventories appeared to be a bit larger than normal in March; ratings were high to average. Quite the opposite, the supply of used units was ranked as average to low. Lot traffic and the number of new buyers both got ratings of average to low.

Year-to-date, the retail picture wasn't quite so bright. Dollar volume for the DAB was down 11% from the first quarter of 1989. Only nine dealers' sales were up for the first three months, and 14 dealers reported that they were lagging behind last year's pace.

Although the evidence wasn't sufficient by the end of the first quarter to predict a better year than in 1989 for the average dealer, March figures definitely brightened up the dull scene painted by January and February.

Motorhomes

It is quite obvious that motorhome dealers are in for a struggle this year. A downward trend seemed clear by March. Eleven of the DAB members who stock that type were down in new-unit sales for the month; six were up, and two said their sales were the same as in March 1989. Class C's did appear to be making a comeback; March sales of that type accounted for a

larger share of the total than usual. Used-unit sales were down, too, for the month, but not as much as new sales.

Year-to-date, the motorhome retail market was even more depressed. Sales of new units were off 18% from the first quarter of 1989, and used-unit sales had dipped by 14%. However, the profit picture wasn't so bad; there were more ratings in the excellent column than we had seen in many, many months. Apparently, dealers were working harder for better profits on fewer units sold.

Travel Trailers

After several years of slippage, it appears that this RV type is coming back. New-unit sales were up for the month for the DAB as a whole, although there were as many dealers who reported they were down in unit sales as those who said they were up. Used units did very well in March. Profits were generally rated as good.

Year-to-date, the market was even better for new units, and the used total was about even with the first three months of last year. It looks like a good year ahead for travel-trailer specialists.

Truck Campers

New-unit sales slipped considerably in March. All three of the large DAB dealers of this type declined for the month. Year-to-

	NEW UNITS						USED UNITS					
	FOR MONTH			YEAR-TO-DATE			FOR MONTH			YEAR-TO-DATE		
	MARCH 1990	MARCH 1989	% CHANGE	1990	1989	% CHANGE	MARCH 1990	MARCH 1989	% CHANGE	1990	1989	% CHANGE
MOTORHOMES	167	190	-12	399	487	-18	172	183	-6	439	508	-14
TRAVEL TRAILERS	129	119	+8	327	288	+14	133	101	+32	260	258	+1
TRUCK CAMPERS	30	21	+43	63	75	-16	21	21	0	53	41	+29
CAMPING TRAILERS	166	153	+9	316	304	+4	35	48	-36	55	72	-24
FIFTH-WHEELS	54	47	+15	135	126	+7	28	31	-10	79	68	+16

	FOR MONTH			YEAR-TO-DATE		
	MARCH 1990	MARCH 1989	% CHANGE	1990	1989	% CHANGE
SALES VOLUME	\$17,549,000	\$17,794,000	-1	\$40,089,000	\$45,180,000	-11
TOTAL UNIT SALES	935	937	<-1	2036	2227	-9
NEW-UNIT SALES	546	553	-1	1150	1280	-10
USED-UNIT SALES	389	384	+1	886	947	-6

The "DAB Perspective" is a compilation of data provided by RV Business' Dealer Advisory Board, a group comprised of 23 dealers representing a cross section of the U.S. dealer body.

Gaylord Maxwell, chairman; Dave Altman, Baldwin Park, Calif.; Bob Azevedo, Sunnyvale, Calif.; Jack Cole, Pacoima, Calif.; David McMann, Victor, N.Y.; Crosby Forrest, Newport News, Va.; Dan Gamel, Fresno, Calif.; Jerry Greer, Columbus, Ohio; Jerry Harrison, Waco, Texas; Robert Jensen, Layton, Utah; Johnny Ketselson, Marion, Iowa; Newton Kindlund, Orlando, Fla.; Roger Kirschner, Salem, Ore.; Ozzie Lenhard, Sayville, N.Y.; Larry McClain, Oklahoma City, Okla.; Delores McNally, Portland, Ore.; Annette Miller, Fayetteville, N.C.; Jack Moran, Warwick, R.I.; Wayne Peay, Albuquerque, N.M.; Tom Schaeffer, Shoemaker, Pa.; Mel Shipp, Chattanooga, Tenn.; Jack Sizemore, Amarillo, Texas; Bill Thomas, Bridgeton, Mo.; Randy Thompson, Crystal Lake, Ill.

This report is an attempt to reflect the current retail sales picture; it does not purport to indicate RV production or factory sales to dealers.

date, new-unit sales did not do quite so badly, but things were far from good.

Used-unit sales, meanwhile, were the same as March of last year, but year-to-date sales were off considerably from the level of 1989's first quarter. Profit ratings ran the full gamut from excellent to poor.

Perhaps price, both of trucks and truck campers, accounted for the sales difficulties of this RV type.

Folding Camping Trailers

Fold-downs enjoyed a good reception among consumers in March. Eight DAB dealers of this type reported an increase in new-unit sales compared with March 1989, while six said sales had dropped. Nearly all

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of the fold-down specialists reported improvements over last year.

Used units fared poorly compared with March 1989, a rather normal situation for camping trailers, which are more often sold privately. Profits were mixed, but more dealers' ratings fell into the good or excellent columns.

For the year-to-date, new-unit sales outpaced the first quarter of last year, but their lead wasn't large. Used sales were down considerably for the first three months.

Although the sales story for this type has yet to be completed, the outlook is promising for this year.

Fifth-wheels

March was a good month for new fiver dealers. Eight had increased sales (including four of the five "heavyweight" dealers) over March 1989. Used sales were off a bit. Profits were generally rated from excellent to good.

Year-to-date, retail sales were also looking good. Both new- and used-unit sales were up for the quarter.

It is quite likely that the long, upward trend for this type will continue. Δ

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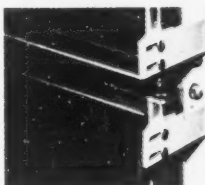


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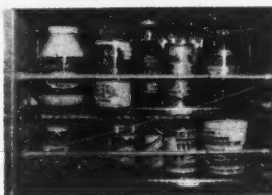
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DEALER SALARY SURVEY

A survey of RVB's Dealer Advisory Board reveals the wide range of salaries, commissions and fringe benefits offered to dealership salespeople

GAYLORD MAXWELL

The question of how much the average RV salesperson earns is obviously an issue of intense interest in the RV industry.

Dealers need to know how their compensation packages measure up to the financial attractions offered by other RV dealers, RV manufacturers and even other industries because, to some extent, they all compete for the same employees. Of course, RV salespeople want to know the facts so they can maximize their earnings by comparing opportunities. Finally, the industry as a whole needs to know whether salaries and commissions are competitive enough to attract the right people to careers in the RV field.

Yet reliable information about the earnings of RV salespeople is not generally available. So, RVB undertook a poll of its 23-member Dealer Advisory Board (DAB) in an attempt to collect some basic data.

DAB members have been chosen to represent a cross section—in terms of size, product and geographic location—of the U.S. dealer body. Their monthly reports on dollar- and unit-volume sales of new and used units in major RV categories are compiled in a "DAB Perspective" appearing each month in RVB.

In this quick survey of sales-staff pay, our findings were based on information supplied by 18 dealers with a total of 165 salespersons (including sales managers and finance-and-insurance salespersons). Of those 165 salespeople, 145 were males and 20 were females. The dealerships ranged in size from those with annual sales of more than \$40 million to those doing closer to \$3 million in sales a year. All figures pertain to calendar-year 1989.

Although the information we obtained provides an interesting perspective, we hasten to point out that a scientifically valid study would have to be much more comprehensive, with random sampling of a much larger number of dealers nationally.

Also, we should note that dealership size and regional income differences are not broken out of this aggregated, national data. Thus, in looking at the ranges reported, it should not be assumed that the highest salary reported, which may come from a large dealer in a West Coast metropolis, and the lowest, which may come from a small dealer in a Southern town, are necessarily applicable to any single dealer's market area.

However, we think the information derived from the questionnaire filled out by the DAB's dealer-members does provide a general picture of how today's dealership salespeople are faring economically.



Sales Volume per Person

The "highest" volume of sales per salesperson was achieved by a dealer with five salespeople and more than \$5 million in sales. The "lowest" figure was from a dealer with a sales force of seven but less than \$5 million in sales. Large dealerships generally reported higher sales per salesperson than those that were small.



Salespeople's Tenure

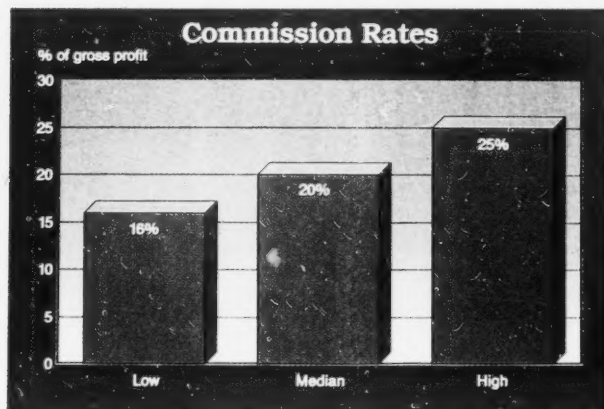
About two-thirds of the dealerships reported employing at least one salesperson with less than one year's service. About half had at least one salesperson who had been employed for more than five years as of 1989. One dealer reported that his six employees had been with him an average of eight years each. In general, the largest dealers appeared to have more turnover than the smaller dealerships.

Income of Salespeople

Sales income was correlated to some extent with the size of the



dealership, with the higher incomes reported by the larger dealerships. Still, some of the largest dealerships did not have salespersons with incomes above the median high of \$50,000 last year. It should be pointed out that the salesperson receiving the top \$120,000 income made \$30,000 more than the next highest earner. Also, more than half of the reporting dealerships had no salesperson earning more than \$50,000 last year. Over half reported average earnings of less than \$40,000, and five dealers said their salespeople averaged less than \$30,000 in 1989. Only one dealership reported that its sales staff earned an average of more than \$50,000 annually.



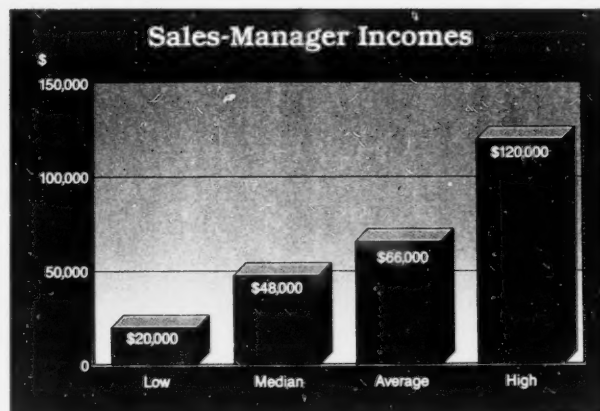
Commission Rates

Various percentages are frequently added to the base percentage sales commission. About 25% of the dealers polled said they paid 25% commissions; about 12% paid less than 20% commissions. However, packs, meaning noncommissionable expenses added by dealers to the vehicle price, also affected the actual amount that salespeople received. About 25% of the dealers said they did not add packs to vehicle prices. Only one dealer reported packing 8%, and one said he packed 7%. All others were adding 6% or less in packs in 1989. Only one dealer reported using a flat dollar amount of pack. The median pack was 5%.

Fringe Benefits

In 1989, 60% of dealers gave paid vacations; 70% offered health insurance; and 50% had profit-sharing plans. In addition to paid vacations, health insurance and profit-sharing plans, various other fringe benefits were offered by the dealers surveyed, includ-

ing incentive trips, use of company equipment, sick days, etc. A great variety of insurance plans were provided, with varying benefits: For example, some dealerships included dependents at no charge or included coverage for dental expenses, eyeglasses, etc. A few dealers also provided some life insurance to sales staff. Profit-sharing plans also differed greatly; most dealers said they provided salespeople with some share of the year-end net income for 1989.

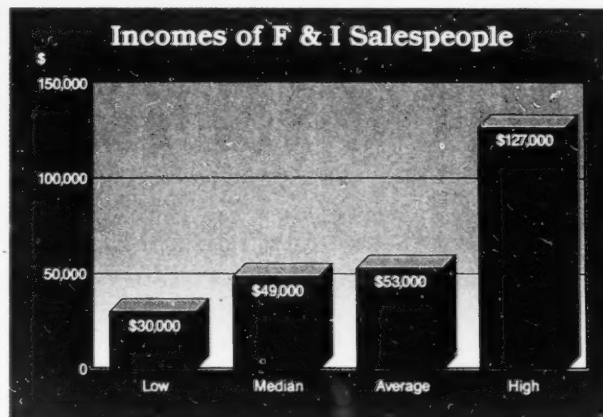


Sales Managers

Approximately 75% of the responding dealerships had sales managers, some of whom had additional duties. Most sales managers were paid a percentage of the gross; many also received bonuses based on the dealerships' net profits. Some got salaries plus percentages. Approximately 60% of the sales managers received more than \$50,000 in 1989.

F&I Salespeople

Approximately 75% of the dealerships reported having separate positions for finance-and-insurance (F&I) salespersons. Others



included that duty with others. About 50% of the F&I salespeople were strictly commissioned, with various percentages cited, while the other half were paid a salary plus a percentage. The F&I person who received the \$127,000 high earned exactly double the next highest-paid F&I salesperson. ▴